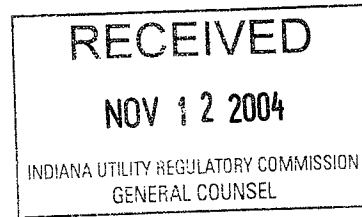




November 12, 2004

Ms. Kris Kern Wheeler
General Counsel
Indiana Utility Regulatory Commission
Indiana Government Center South
302 West Washington Street, Room E306
Indianapolis, Indiana 46204



Re: Comments on Electric Customer Service Rights and Responsibilities Rulemaking

Dear Kris,

Attached please find a hard copy of the Indianapolis Power & Light Company's comments on the proposed Electric Customer Service Rights and Responsibilities rules. As has been suggested, we've also submitted an electronic version of these comments today, via electronic mail.

If you have any questions please do not hesitate to give me a call at 261-8972.

Sincerely,

A handwritten signature in black ink is located below the "Sincerely," text. The signature appears to read "Lester H. Allen" and is written in a cursive, flowing style.

Lester H. Allen
Manager, Regulatory Affairs

xc: Office of the Consumer Counselor

INDIANA UTILITY REGULATORY COMMISSION RULEMAKING #04-02

COMMENTS OF

INDIANAPOLIS POWER & LIGHT COMPANY

ON

PROPOSED ELECTRIC CUSTOMER SERVICE

RIGHTS AND RESPONSIBILITIES (170 IAC 4-1.2 ET AL)

INTRODUCTION

Indianapolis Power & Light ("IPL") would like to thank the Indiana Utility Regulatory Commission ("IURC") for the opportunity to comment on these proposed modifications to the Customer Service Rights and Responsibility Rules. IPL also commends the Commissioners and the staff for their diligent efforts in drafting these proposed rules. Extensive changes, as proposed in this rulemaking, present a difficult and a complex task, and it is clear that a significant amount of thought and energy went into the preparation of this document. The current rules have been in place for over 25 years and it is appropriate to begin to work with the utilities and other interested parties to modify these rules to reflect changes in the industry and the economy which impact our customers.

IPL supports the efforts of the IURC to improve the experience customers have at their most common interfaces with their utility. However, we would like to emphasize that for the most part the present IURC rules, as supplemented by IPL's tariff rules and policies, are working very well. Feedback and surveys indicate overwhelmingly that our customers are very satisfied with the service that they receive.

Most of our customers rarely or never call us and are very satisfied with the clarity of their bills and the service we provide. The majority of the in-coming calls to our customer service representatives are from a small minority of our customers. These

customers account for a large percentage of the slow pay or delinquency issues that these rules, in many respects, are designed to address. We feel that under the present rules we have historically handled these customer interactions and transactions in a businesslike, but also fair and compassionate manner. We are skeptical that the addition of certain provisions in these proposed rules will improve our ability to handle these individual customer situations or improve the satisfaction of the affected customers.

The most important consideration for the majority of our customers is that we provide reliable and low-cost electric service. Our Quarterly Customer Satisfaction surveys routinely indicate that our customers give us high marks regarding our overall performance.

While the proposed rules may initially serve to benefit a small segment of our customer base, the ultimate outcome may inadvertently create a detrimental impact for the remainder of our customer base. It may be necessary for IPL to expend significant resources to comply with the rules as they are presently proposed.

To allow for the Customer Service rules to be updated at a more measured pace, IPL would encourage the Commission to divide the rulemaking into two distinct pieces. The first piece would address only the contentious issue of the amount of the deposit required (170 IAC 4-1.2-4). The second piece would focus on the balance of the proposed additions or modifications to the customer service rules and follow the more traditional rulemaking process of workshops and collaboration between staff, the public, the utilities and other interested parties to develop rules that are workable and practical for all parties involved. This process has worked well in recent rulemakings and will result in workable and constructive regulations. The process that resulted in the adoption of the net-metering rules is a recent example of a Commission rulemaking that is beneficial and workable for all parties involved.

As we will discuss in our specific comments, the proposed rules will have a significant impact on the amount of write-offs. Particularly troublesome is the provision for winter

reconnects if this provision is not narrowed to be applicable only to low income customers. Also for IPL, there will be significant costs to make changes to the Customer Information System to accommodate the proposed rules. IPL, like many other utilities, has a legacy Customer Information System that was developed to provide efficient, accurate and timely billing consistent with the current IURC rules and Company tariffs. Therefore, even minor changes to the Customer Service Rules can require IPL to make substantial investments of time and resources to allow these changes to be accommodated by our billing system

Further definition will be required to perform a more thorough and comprehensive assessment of Information Technology (“IT”) project costs that would result from the proposed rule changes. IPL suggests that the effective date for the implementation of any rules that may eventually be adopted reflect the complexity we’ve identified in our preliminary assessment of the required IT changes. Sufficient time should be allowed for these changes to be incorporated into our billing systems. In addition to additional write-offs and IT implementation costs, IPL’s preliminary assessment indicates that we will incur additional operating costs to implement the rules as proposed. These additional costs would relate to training, process change management, and call center and field services operational alignment with the proposed rules. IPL will be compelled to complete a thorough analysis of present customer service policies and procedures to identify areas where burdens caused by the proposed rules may be partially off-set by prudent operational adjustments.

In addition to the more general comments above we offer the following specific comments on the proposed additions and modifications to the Customer Service rules. By commenting on a provision by provision basis it does not indicate that we support the adoption of the entire body of rules changes, but we felt it was necessary to present the comments in this detail in the event the Commission ultimately decides not to divide the rulemaking into two separate proceedings as we have suggested.

PROPOSED RULES AND COMMENTS

1170 IAC 4-1.2-2 Definitions

Comments: In order to improve the implementation and clarity of the proposed rules, IPL suggests the addition of four terms to the definitions section. The four terms that we suggest adding are “Existing Customer”, “Previous Customer”, “Low-Income Customer”, and “Resident”.

The addition of the terms “Existing Customer” and “Previous Customer” provides needed clarification between who is an “Applicant” or “Customer”. For example, if an existing customer is disconnected, at what point does he/she become an “Applicant” again? Anyone who does not fall within the categories of “Existing Customer” or “Previous Customer” would then be considered an “Applicant”.

The addition of the term “Low Income Customer” is necessary to accommodate changes that IPL proposes (in subsequent comments) which would limit the applicability of certain provisions of the proposed rules to this group of customers.

The addition of the term “Resident” is necessary to allow flexibility on the part of the utility to determine that a spouse or roommate also becomes responsible for past charges. In these situations the person benefiting from the use of electric service provided by the utility is not a customer or an applicant.

170 IAC 4-1.2-2 Definitions

Authority: IC 8-1-1-3, IC 8-1-2-34.5
Affected: IC 8-1-2

Sec. 2. The following definitions apply throughout this rule:

- (1) “Applicant” means any person or designated agent who seeks to become a customer for residential electric utility service.**
- (2) “Commission” means the Indiana utility regulatory commission.**
- (3) “Customer” means any person who requests and obtains residential utility service and is responsible for the payment of charges, compliance with filed tariffs, and rules of the utility.**

(4) “Existing Customer” means an active customer of the utility who is currently receiving utility service, and is responsible for the payment of charges.

(5) “Previous Customer” means a customer who has received utility service within the past four years, and is not an Existing Customer.

(6) “Low Income Customer” means a customer who qualifies for the State energy assistance program as defined under IC 12-14-11.

(7) “Resident” means a person benefiting from the use of electric service provided by the utility, and is not a Customer or an Applicant

(4)(8) “Disconnection” means the termination or discontinuance of utility service.

(5)(9) “Late payment charge” means the one time penalty assessed by a utility on a customer’s account when the account becomes delinquent.

(6)(10) “Residential Service” means electric utility service for household purposes that is billed under a residential rate.

(7)(11) “Utility” or “public utility” means any public utility (as defined in IC 8-1-2-1) or any rural electric membership corporation (as established by IC 8-1-13) that furnishes electric service to the public under the jurisdiction of the commission. (Indiana Utility Regulatory Commission; 170 IAC 4-1.2-2).

170 IAC 4-1.2-3 Credit Worthiness Guidelines

Comments: When considering an applicant or customer for electric service, IPL does not discriminate with regard to any of the factors identified in Section 3(a) of this proposed rule. IPL’s criteria for requiring a deposit is based solely on the credit worthiness of the customer. IPL supports the wording in the proposed rules which provides for the use of a credit-scoring mechanism to assist in the determination of the customer’s creditworthiness. Credit reports are a reliable and efficient means to determine when a deposit may be appropriate. Current laws that regulate the credit-scoring industry protect consumers and ensure that consumers are treated fairly and have full access to all credit data and credit scores. However, IPL believes that credit scoring should not be the sole criteria and utilities need to retain the flexibility to utilize other criteria while determining the customer’s creditworthiness.

The rules as proposed do not allow the utilities to hold other persons, who resided at the premises and benefited from the service, responsible for the cost of this service. As a matter of fairness, the utility needs the flexibility to hold all parties who benefited from the service accountable for unpaid charges.

The utility also needs some latitude to prevent serial name changes by spouses or roommates as deceptive devices for individuals to avoid payment of a utility bill or deposit while residing together at the same service location. Further, the household members' or spouse's credit risk should be considered if a delinquent balance exists at a location where they benefited from the use of this service. IPL offers the following suggested language changes that we believe will allow for this important and fair consideration.

170 IAC 4-1.2-3 Creditworthiness Guidelines

Authority: IC 8-1-1-3, IC 8-1-2-34.5
Affected: IC 8-1-2

Sec. 3. (a) A utility shall determine the creditworthiness of an applicant or customer in an equitable and nondiscriminatory manner:

(1) without regard to:

- (A) race;**
- (B) color;**
- (C) creed;**
- (D) religion;**
- (E) national origin;**
- (F) sex;**
- (G) marital status;**
- (H) receipt of public assistance; or**
- (I) the economic character of the area wherein the applicant or customer resides; and**
- (J) solely upon the credit risk of the individual applicant or customer without regard to the collective credit reputation of the area in which he or she lives.**

~~**(b) solely upon the credit risk of the individual applicant or customer without regard to the credit history of any other individual residing in the household or the applicant or customer's spouse.**~~

(e)(b) A utility may require a residential service applicant or customer to satisfactorily establish his financial responsibility (creditworthiness). The utility may require a deposit or other reasonable guarantor to secure payment of bills prior to providing utility service if the applicant or customer is not deemed creditworthy due to any of the following circumstances:

- (1) The applicant or customer does not meet or exceed the predetermined minimum credit score selected by the utility ~~using a credit scoring system as provided in the utility's tariff; or~~**
- (2) The applicant or customer has failed to pay for past due electric service furnished to him or her at the same or at another address within the past four (4) years.;**
- (3) The applicant was a customer's spouse during a period in which all or part of a delinquent service account was accrued by the customer who currently resides with the applicant, if, at the time of the request for service, the account remains**

unpaid and is not in dispute; or

(4) The applicant was a resident with a previous or existing customer during a period in which all or part of a delinquent service account was accrued by the previous or existing customer, and the account remains unpaid and is not in dispute.

~~(d)~~ (c) A bill for one class of service (such as commercial) shall not be transferred to a bill for another class of service (such as residential), nor shall a bill for one form of utility service (such as water) be transferred to a bill for another form of utility service (such as electric). Utility service shall not be denied for nonpayment of bills for merchandise or other non-utility or unregulated services.

(e) Utilities shall treat customers who have filed bankruptcy under federal law in accordance with the protective provisions of 11 U.S.C. 366, effective October 22, 1994. (*Indiana Utility Regulatory Commission; 170 IAC 4-1.2-3*).

170 IAC 4-1.2-4 Deposits

Comments with regard to Section 4 (a): IPL's Customer Information System currently tracks deposits at an account level. Each account can have several services associated with it. This enhancement to our billing system, made several years ago to improve our customer satisfaction, has been widely used by our customers to simplify their tracking of their electric costs and the making of their payments. It allows us to offer our customers a summary billing of all of their individual services and the payment of all these bills by one check. IPL would need to make several programming modifications if the rule is enacted as proposed, if we determined that we would need to track a deposit by each service associated with an account. The addition of the words "or addresses" in Section 4 (a) of the rule as indicated below is one possible solution to this problem.

170 IAC 4-1.2-4 Deposits

Authority: IC 8-1-1-3, IC 8-1-2-34.5
Affected: IC 8-1-2, IC 32-34-1

Sec. 4. (a) If the applicant or customer fails to establish that he or she is creditworthy under section 3 of this rule, the applicant or customer may be required to make a reasonable deposit. Such deposit shall not exceed one-sixth (1/6) of the estimated annual billings for regulated utility service at the address, or addresses, at which service is rendered to the applicant or customer and shall be paid in full before establishment of service, subject to the provisions of section 6 of this rule; provided, however, that a deposit shall be based upon estimated regulated electric service charges only. If a deposit is greater than one hundred fifty dollars (\$150), the

utility shall advise the applicant or customer simultaneously with making a demand for a deposit that the applicant or customer may pay such deposit in equal installment payments over a period of no fewer than three (3) months; service shall be connected upon receipt by the utility of the first such payment. For example, if the total deposit required by a utility pursuant to this section is one hundred eighty dollars (\$180), the applicant or customer could make three (3) payments of sixty dollars (\$60) over a three (3) month period, and service would be connected after the first sixty dollar (\$60) payment. The applicant or customer shall not be required to make any advanced payments in addition to or in lieu of a deposit required by this rule in order to receive service. An initial deposit made by a customer shall be subject to reevaluation upon the request of either the utility or the customer, based upon actual charges for services rendered, at any time after service has been provided.

(b) The utility may elect to accept a written guarantee, signed by a third party guarantor acceptable to the utility within its discretion, of payment for all utility service rendered or requested to be rendered to the applicant or customer. The guarantor may terminate the guarantee upon thirty (30) days prior written notice. Said guarantee shall be in full force and effect up to and including the date the guarantee shall terminate, and the guarantor shall be obligated, as provided in the written guarantee, respecting the payment of the amount of the applicant or customer's bill on the date of termination. A guarantee shall terminate when the customer submits satisfactory payment for a period of ten (10) out of any twelve (12) consecutive months.

(c) If the utility requires a deposit or a written guarantee as a condition of providing service, the utility shall advise the applicant or customer of the reason upon which it bases its decision and provide the applicant or customer with an opportunity to rebut such facts and show other facts demonstrating creditworthiness.

(d) A utility may require an existing customer to make a reasonable deposit, or an additional deposit in cases where a deposit has been made and exhausted pursuant to this rule, under the following circumstances:

- (1) the customer has been mailed disconnect notices for two (2) consecutive months;
- (2) the customer has been mailed disconnect notices for any three (3) months within the preceding twelve (12) month period
- (3) the service to the customer has been disconnected within the past forty-five (45) days for nonpayment.

Comments with regard to Section 4 (e)(1): IPL's Customer Information System would need to be modified to allow the application of interest on partial payments during a payment arrangement for a deposit. In other words, if IPL has requested a deposit of \$150 in total and allows the customer to pay this deposit over a 3 month period, application of the interest on these partial payments would be impractical prior to receiving the entire deposit.

This could be easily addressed by modifying the proposed rules to allow the interest to start accruing once the deposit is paid in full. The modification of the words to “the date the deposit is paid in full” in Section 4 (e)(1) of the rule as indicated below is one possible solution to this problem.

(e) Requirements for interest upon a deposit shall be as follows:

(1) A deposit held more than thirty (30) days shall earn interest from the date of the deposit is paid in full. Beginning on the effective date of this rule, the rate of interest shall be set by the commission based upon the then existing rate for one year United States Treasury Constant Maturity securities. The interest rate shall be rounded to the nearest one-half ($\frac{1}{2}$) of one percent (1%). In December of each year, the commission shall issue a General Administrative Order establishing the interest rate for the next calendar year that shall be paid on all deposits held during all or part of the subsequent year.

(2) The deposit shall not earn interest after the date it is mailed or personally delivered to the customer, or otherwise lawfully disposed of as provided in subsection (f)(6) of this section.

Comments with regard to Section 4 (f)(2) and (f)(5): Current IPL practice is to track the deposit yet to be paid within the account balance. Once the amount of the requested deposit has been paid in full, the bill details the account balance as such. The bill statement details the amount of deposit that has been collected. The bill also provides, on a monthly basis, the interest that has been earned on the deposit that month. To provide the customer with this information again at the time of the interest being applied would cause most bills to become several pages long. IPL understands the need to, at times, to clarify these transactions for the customer and would propose that we do so for customers who request such details. For most other customers, the information provided on the billing statement should satisfy their need for information and disclosure of the deposit accounting.

The addition of the words “upon the customer’s request” in Section 4 (f)(2) and the words “or billing statement” in Section 4(f)(5) of the rule as indicated below is one possible solution to this problem.

IPL also suggests that the deposit be applied to the account rather than refunded. The amount of interest is typically small and it would be expensive to write and mail a check to refund each of these modest credits. We suggest changing the word “refunded” to “applied” and inserting the word “account” as indicated below.

(f) Requirements for refunds shall be as follows:

(1) Any deposit and accrued interest shall be promptly applied ~~refunded~~ to the customer's account without the customer's request when the customer submits satisfactory payment ten (10) out of any twelve (12) consecutive months without late payment.

(2) A statement of accounting for each transaction affecting the deposit and interest shall accompany refunds of deposits or accrued interest issued under this section upon the customer's request.

(3) Following a customer requested termination of service, the utility shall:

(A) apply the deposit, plus accrued interest, to the final bill; and

(B) refund any remaining deposit and accrued interest, within fifteen (15) business days after the payment of the final bill.

(4) A utility shall maintain a record of each applicant or customer making a deposit that shows the following:

(A) The name of the customer.

(B) The current mailing address of the customer.

(C) The amount of the deposit.

(D) The date the deposit was made.

(E) A record of each transaction affecting such deposit.

(5) Each customer shall be provided a written receipt or billing statement from the utility at the time the customer's deposit is paid in full or any time the customer makes a partial payment. The utility shall provide a reasonable method by which a customer, who is unable to locate his or her receipt, may establish that he or she is entitled to a refund of the deposit and payment of interest thereon.

(6) Any deposit made by the applicant or customer to the utility (less any lawful deductions to be refunded), or any sum the utility is ordered to refund for electric service that has remained unclaimed for one (1) year after the utility has made a diligent effort to locate the customer who made such deposit or the heirs of such customer, shall be presumed abandoned and treated in accordance with IC 32-34-1 *et seq.*

(g) A deposit may be used by the utility to cover any unpaid balances owed the utility following disconnection of utility service, provided, however, that any surplus be returned to the customer as provided in this section.

(h) A deposit shall not be applied to satisfy an applicant or customer's bill, prior arrearage, or outstanding indebtedness that is greater than four (4) years old;

however, a utility may pursue such unpaid balances via collections or other means provided by applicable law.

Comments with regard to Section 4 (i): The option of applying interest to the customer's account at the end of each **calendar year** or **year of service** should be allowed as an alternative to the anniversary date of the deposit in order to minimize utility billing system modifications. IPL proposes that the application of interest be allowed to occur in the same month of the year for all accounts bearing interest. This could be coordinated with the change in the interest rate. Additionally, IPL suggests that we be allowed to continue our practice of documenting and tracking the deposit on an account basis for the purpose of reporting interest accrual and application of that interest on an annual basis. This would minimize the number of Customer Information System changes needed to accommodate the new rule. The deletion of the words "of service" in Section 4 (i) as indicated below is one possible solution to this problem.

This section of the rules, if adopted without the changes proposed herein, will cause IPL to incur significant one time IT costs due to likely programming changes to our Customer Information System. IPL will also incur a one time expense for the application of interest currently held on residential deposits. The reduction in the interest rate applied to deposits from the present 6% to 3% (the projected short term interest rate consistent with interest rule definition) is expected to provide a small decrease in our annual interest expense. However, future higher interest rates and additional costs caused by the proposed deposit management parameters can have potential negative impacts.

(i) At the end of every year-of-service, if the deposit plus interest is not refunded to the customer, the utility shall automatically refund the accrued interest on the deposit to the customer by crediting the customer's account and stating this credit clearly on the customer's next regular bill.

(j) A customer who fails to pay a bill by the time specified by the regulations of the utility and commission regarding the prompt payment of bills, and who further fails to pay such bill within a reasonable period after presentation of a disconnection of service notice for nonpayment, may be required to pay such bill and to reestablish credit by making a deposit pursuant to this rule.

(k) Establishment of credit by deposit shall not relieve a customer from complying with the commission's rules for prompt payment of bills. (*Indiana Utility Regulatory Commission; 170 IAC 4-1.2-4*).

170 IAC 4-1.2-5 Disconnection and prohibited disconnections

Comments with regard to Section 5(b): IPL believes that the restrictions on the disconnection of service contained in the current rule provide adequate protection for the customers that are subject to disconnection. By limiting the hours available to cut for those utilities that currently offer Saturday hours, one significant motivation for continuing those hours is removed. IPL proposes that the hours and restrictions remain as they are in the current rules.

In order to provide additional clarification, IPL proposes the additions listed below to section (b) of this rule. This would aid the utility in dealing with customers who are currently using a version of fraud to avoid complying with the Commission's current rules regarding payment for services.

170 IAC 4-1.2-5 Disconnection and prohibited disconnections

Authority: IC 8-1-1-3, IC 8-1-2-34.5, IC 8-1-2-122

Affected: IC 8-1-2-4

Sec. 5. (a) Requirements for disconnection upon a customer's request are as follows:

(1) The customer shall notify the utility at least three (3) business days in advance of the day disconnection is desired. The customer shall remain responsible for all service used and the billing therefore until the date the customer has requested disconnection pursuant to such notice.

(2) Upon request by a customer to a utility to disconnect service in fewer than three (3) business days, the utility shall disconnect the service within three (3) business days of the request. The customer shall not be liable for any service rendered to such address after the expiration of three (3) such days.

(3) The customer shall not charge service or authorize the charging of service to any account that has been disconnected at the customer's request or otherwise. A customer shall be responsible for any services he or she charges or authorizes charged to such disconnected account in violation of the prohibition in this subdivision.

(b) Requirements for disconnection without a customer's request are as follows:

(1) A utility may disconnect service without request by the customer of the service and without prior notice only:

(A) if a condition dangerous or hazardous to life, physical safety, or property exists;

(B) upon order by any court, the commission or other duly authorized public authority;

(C) if fraudulent or unauthorized use of service is detected and the utility has reasonable grounds to believe the affected customer is responsible for such use;

(D) if the utility's equipment has been tampered with and the utility has reasonable grounds to believe that the affected customer is responsible for such tampering; or

(E) if the utility's equipment is used in a manner disruptive to the service of other customers.

(2) A utility may disconnect service to a customer based on a delinquent account with the same class of service (such as residential service) for that customer.

(3) A utility may disconnect service to a customer for failure to satisfy a deposit charge pursuant to Sec. 4.

(4) A utility may disconnect service to an address where a former customer is currently residing with the current customer and has not paid in full a delinquent account for service, that is not in dispute, and that is owed by the former customer if the customer lived at the same address served by the utility at the time that all or part of the former customer's debt was incurred.

Comments with regard to Section 5(c): IPL diligently works with our customers who are experiencing payment difficulties. However, there must be some limit incorporated into the proposed rules to prevent someone from abusing the medical postponement of disconnection. As such, IPL would suggest limiting the exercise of this clause to once per year per household.

(c) Requirements for prohibited disconnections are as follows:

(1) Except as otherwise provided in subsections (a) and (b) of this section, a utility shall postpone the disconnection of electric service for thirty (30) days if, prior to the disconnect date specified in the disconnect notice, the customer provides the utility with a medical statement from a licensed physician or public health official that states that disconnection would be a serious and immediate threat to the health and safety of a designated person in the household of the customer. The postponement of disconnection shall be continued for one (1) additional ten (10) day period upon the provision of an additional medical statement to the utility. The utility shall be required to provide the customer a total of forty (40) days postponement of disconnection for medical reasons pursuant to this subsection only once in any twelve (12) month period per household. Further postponement of disconnection may be made at the utility's discretion.

(2) A utility may not disconnect electric service to the customer for any of the following reasons:

(A) For nonpayment of any nonutility or unregulated utility services.

(B) Upon the customer's failure to pay for services to a previous occupant of the premises being served unless the utility has reasonable grounds to believe that the customer is attempting to defraud the utility.

(C) On the basis of the delinquent character of an account of any other person, except if such customer is the guarantor of that other person's account for electricity service.

(D) If the customer makes payment arrangements pursuant to section 6 of this rule.

(E) If a customer is unable to pay a bill that is unusually large due to prior incorrect billing, incorrect application of the rate schedule, prior estimates where no actual reading was taken for over two months, or any human or mechanical error of the utility, and the customer:

(i) makes a payment arrangement in accordance with the guidelines set forth in section 6 of this rule; and

(ii) agrees to pay all undisputed future bills for electric service as they become due, provided, however, that the utility may not add to the outstanding bill any late fee and,

provided further, that the payment arrangement agreement in item (i) and this item shall be put in writing by the utility and sent by mail to the customer.

(d) No utility may disconnect service unless it is done between the hours of 8 a.m. and 3 p.m., prevailing local time. Disconnections pursuant to subsections (a) and (b) of this section are not subject to this limitation. The utility may not disconnect service for nonpayment:

- (1) on any Friday after noon;
- (2) on any Saturday;
- (3) on any Sunday;
- (4) on any other day the utility's offices are not open for business; or
- (5) after noon on any day immediately before a day the utility's office are not open for business.

Comments with regard to Section 5(e) (2) D and F: The volume of information required in sections (e) (2) D and F would increase the costs to print and mail bills. IPL proposes that this information be included in the customer rights pamphlet that is furnished pursuant to 170 IAC 4-1-18. The proposed rule, if adopted without change, is also expected to cause IPL to incur additional one time programming costs for modifications to our Customer Information System.

(e) Requirements for notice required prior to involuntary disconnection are as follows:

(1) Except as otherwise provided in this section, service to any customer shall not be disconnected for a violation of any rule of the utility or for nonpayment of a bill, except after fourteen (14) days from the postmark date of a written notice sent to such customer at the address shown on the records of the utility or the notice is personally served upon the customer or a responsible member of the customer's household. No disconnect notice for nonpayment may be rendered prior to the date on which the account becomes delinquent.

(2) The disconnection notice shall be in language that is clear, concise, and easily understandable to a layman and shall state, in separately numbered large print paragraphs, the following information:

(A) The date of proposed disconnection.

(B) The specific reason and factual basis for the proposed disconnection.

(C) The telephone number of the utility office at which the customer may call during regular business hours to question the proposed disconnection or seek information concerning the customer's rights.

(D) The local and toll free telephone numbers and office hours of the commission.

(E) State that the customer may refer to the pamphlet furnished under 170 IAC 4-1-18 for information as to the customer's rights.

(F) Information as to the customer's rights, pursuant to this rule, including, but not limited to, the following:

(i) That the customer may obtain a temporary waiver of disconnection for a serious illness or medical emergency pursuant to subsection (c) of this section.

(ii) That the customer may file a complaint with the utility;

(iii) That if the complaint is not resolved by the utility to the customer's satisfaction, the customer may file a complaint with the commission.

(iv) That the customer may make payment arrangements pursuant to section 6 of this rule.

(f) Utility employees conducting disconnections of service shall follow the following procedures:

(1) Immediately preceding the actual disconnection of service, the employee of the utility designated to perform such function shall make a reasonable attempt to identify himself or herself to the customer or any other responsible person then upon the premises and shall announce the purpose of his or her presence and shall make a record thereof to be maintained for at least thirty (30) days.

(2) The employee shall have in his or her possession information sufficient to enable the employee to inform the customer or other responsible person the reason for the disconnection, including the amount of any delinquent bill of the customer, and shall request from the customer any available verification that the outstanding bill has been satisfied or is currently in dispute and under review by the utility or the commission. Upon the presentation of such credible evidence, service shall not be disconnected.

(3) The employee shall not be required to accept payment from the customer, user, or other responsible person in order to prevent the service from being disconnected. The utility shall notify the customers pursuant to 170 IAC 4-1-18 of its policy with regard to the acceptance or non-acceptance of payment from such employee, and shall uniformly follow such policy without discrimination.

(4) When the employee has disconnected the service, the employee shall give to a responsible person at the customer's premises, or if no one is at home, shall leave at a conspicuous place on the premises, a notice stating that service has been disconnected and stating the address and telephone number of the utility where the user may arrange to have service reconnected.

(g) If a utility disconnects service in violation of this rule, the service shall immediately be restored at no charge to the customer. (*Indiana Utility Regulatory Commission; 170 IAC 4-1.2-5*).

170 IAC 4-1.2-6 Payment Arrangements and Reconnection of Service (except "Winter Reconnect Rule" which is identified by itself)

Comments with regard to Section 6: IPL has generally been lenient and fair to our customers in matters involving cut-off's. The more stringent provisions in these proposed rules may cause IPL to be less lenient than we have been in the past. Each customer has a unique set of facts to be considered when applying these guidelines. It is impossible to consider each possible customer circumstance in a rulemaking effort such as this.

Specifically IPL offers the following comments with regard to this section. Customers are provided ample opportunity to request and receive payment arrangements in advance of a disconnection and should be required to pay the full balance owed following a disconnection for non-payment. The addition of this rule could fundamentally change the nature of customer behavior and increase delinquency administration costs as well as bad debt expense (eventually becoming the burden of all ratepayers). This rule could incentivize customers to take no action to resolve a delinquent bill until disconnection for

non-payment occurs. Since a significant percentage of payment arrangements are broken, this would allow the customer to increase the amount of bad debt and require additional field expenses in order to perform multiple disconnections.

170 IAC 4-1.2-6 Payment Arrangements and Reconnection of Service

Authority: IC 8-1-1-3; IC 8-1-2-34.5, IC 8-1-2-121, IC 8-1-2-122
Affected: IC 8-1-2, IC 32-34-1-20

Sec. 6. (a) Except in cases where fraudulent or unauthorized use of utility service is detected and the utility has reasonable grounds to believe the customer is responsible for such use, when a residential customer cannot pay an undisputed bill or the undisputed portion of a disputed bill in full, the utility shall continue to serve the customer or reconnect the customer if the customer and the utility agree on a reasonable portion of the outstanding bill to be paid immediately. The manner in which the balance of the outstanding bill will be paid (the "payment arrangement") shall be made in accordance with the following guidelines:

(1) The customer shows just cause for his or her inability to pay (financial hardship shall constitute just cause), and the customer pays a reasonable portion of the such amount due, ~~not to exceed one third of all amounts due (unless the customer agrees to a greater portion)~~ and the customer:

(A) agrees to pay:

- (i) if applicable, the balance of all- any amounts due in equal monthly installments; and**
- (ii) all undisputed future bills for utility service as they become due; and**

(B) has not breached any similar agreement with the utility made pursuant to this section in the last twelve (12) months.

(2) In deciding on the reasonableness of a particular payment arrangement, the utility shall consider the following:

- (A) The customer's ability to pay.**
- (B) The size of the unpaid balance.**
- (C) The customer's payment history and length of service.**
- (D) The amount of time and reasons why the debt is outstanding.**

(3) The payment arrangement shall provide the customer with adequate opportunity to apply for and receive the benefits of any available the LIHEAP public assistance program.

(4) The payment arrangement is subject to amendment upon the customer's request and at the utility's discretion if there is a change in the customer's financial circumstances.

(5) The utility may add to the outstanding bill a late payment charge not to exceed the amount set pursuant to 170 IAC 4-1-13(c); however, only one (1) late payment charge may be assessed against the charges applicable to any given month.

(b) The terms of any payment arrangement made pursuant to this section shall be put in writing by the utility and sent by mail to the customer.

(c) If the customer does not meet any of the conditions in subsection (a) of this section, the utility may, but is not obligated to, enter into subsequent payment arrangements with the customer.

(d) The utility shall reconnect service to a customer as soon as reasonably possible but at least within one (1) working day after it is requested to do so if the customer has satisfied the requirements of this rule.

(e) A utility may charge a reasonable reconnection charge not to exceed the charge approved by the commission in the utility's filed tariffs. A utility shall inform its customers of such reconnection fee pursuant to 170 IAC 4-1-18.

170 IAC 4-1.2-6 (f) Payment Arrangements and Reconnection of Service (“Winter Reconnect Provision”)

Comments with regard to Section 6(f): The purpose of the proposed winter reconnection provisions is to ensure that customers can benefit from a reasonable means to obtain a source of residential heat for the coming winter heating season. This payment arrangement should be available only to those customers who are Low Income (i.e. LIHEAP eligible). The ability for any customer to utilize this arrangement without any income restriction will have additional significant impacts on bad debt write-offs. The proposed language changes also provide some clarification regarding the number of times a customer is eligible to make such a payment arrangement. Without this clarification, a customer could utilize this arrangement multiple times throughout a heating season in order to maintain utility service. This could have significant consequences in terms of additional bad debt. Most states with this type of reconnect rule do not have a moratorium as provided in Indiana.

Language changes are also proposed that ensure the intent of this rule is clearly defined and established for the benefit of the Low Income customer only. This would minimize the undue or unintended harm to the utility and the resulting inequity to other customers, who do not take advantage of the rules as originally drafted.

Our comments are written with the assumption that only Low Income customers will be eligible to participate under this provision. This rule, if adopted without the changes we propose, will cause IPL to incur one time IT costs due to programming changes required in the Customer Information System. In addition, a preliminary analysis indicates that these rules, if adopted without the proposed changes, will cause IPL to incur significantly more costs due to write – offs.

(f) Notwithstanding any other provision of this rule, Any former residential customer whose electric service was disconnected for non-payment of a bill or a

deposit from December 1 of the prior winter's heating season to March 15 of the current year ~~any year, any customer of any electric utility~~ shall be reconnected as soon as possible subject to the following limitations:

(g) A utility shall not be required to reconnect service to and enter into a payment arrangement with a former customer under the provisions of this Section:

(1) except between October 1 and March 15 of the current heating season for all former customers who do have applications pending for the Energy Assistance Program in two consecutive years; and

(2) unless the former customer has paid at least one-third (1/3) of the amount billed for utility services rendered by that utility subsequent to December 1st of the prior year; or

(3) in any instance where the utility can show there has been tampering with the utilities wires, meters, of other service equipment and further shows that the former customer enjoyed the benefit of utility service obtained in the aforesaid manner.

(h) After the former customer's eligibility has been established in accordance with Section 6 (g) the following reconnect terms and conditions will apply:

(1) paying the former customer shall pay twenty percent (20%) of the amount past due; and

(2) paying twenty percent (20%) of any deposit required by the utility; and

(3) the customer shall entering into a payment arrangement for the balance of past due amounts.

The utility shall allow the customer a minimum of three (3) months or until March 15, whichever is later, to retire the past due balance and the remainder of the deposit. The utility, at its' own discretion, may afford payment terms that exceed the minimum requirements as outlined in this section. The customer shall also be informed that payment on the amounts past due and the deposit, if any, plus the current bills must be paid by the due date or the customer may face termination of service, subject to the winter moratorium described in 170 IAC 4-1.2-7

(g) No later than September 15 of each year, every public utility shall conduct a survey of customers whose electric service was used to provide or control the primary source of space heating in the dwelling and whose electric service was terminated for nonpayment of a bill or deposit from December 1 of the previous heating season ~~year~~ to September 1 of the current year and where service at that premises has not been restored. Not later than October 15 of each year, the utility shall notify each of these customers that the electric service will be restored by the company for the coming heating season if the former customer contacts the utility and subsequently qualifies for winter reconnection ~~makes arrangements to pay the past due balance and any deposit required by the utility under the conditions set forth in this rule.~~ A utility shall notify the former customer or an adult member of the household by personal visit, telephone contact, or mailing of a letter by first class mail to the last known address of that customer. The utility shall keep records which indicate the date, form, and the results of such contact. The commission may request the utility to report the results of customer contacts made pursuant to this subsection. *(Indiana Utility Regulatory Commission; 170 IAC 4-1.2-6).*

Summary: In summary Indianapolis Power & Light would again like to thank the Indiana Utility Regulatory Commission for the opportunity to comment on these proposed modifications to the Customer Service Rights and Responsibility Rules.

While we acknowledge that is appropriate for the Commission to begin to work with the utilities and other interested parties to review the current rules that have been in place for over 25 years, this process should be one of collaboration. Therefore, IPL would encourage the Commission to divide the rulemaking into two distinct pieces. The first piece would address only the contentious issue of the amount of the deposit required (170 IAC 4-1.2-4). The second piece would focus on the balance of the proposed additions or modifications to the customer service rules and follow the more traditional rulemaking process of workshops and collaboration between staff, the public, the utilities and other interested parties to develop rules that are workable and practical for all parties involved.

Certain of these provisions will cause IPL to incur significant costs without a commensurate benefit in customer services. For example, IPL will likely incur significant costs resulting from changes that are required to be made to the IPL Customer Information System if the proposed rules are not modified as we have suggested in these comments. Also, the Winter Connection Rule, if not limited to Low Income customers, will also have additional significant impacts on bad debt write-offs. Minor changes in wording, as proposed herein, can greatly reduce our costs to comply with these proposed rules.